*Department of Finance*

# News Release

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2007-009

**Official International Reserves**

The Department of Finance announced today that Canada's official international reserves increased by an amount equivalent to US$845 million during January to US$35,908 million.

Details on the level and composition of Canada's reserves as of January 31, 2007, as well as the major factors underlying the change in reserves, are provided below. All figures are in millions of US dollars unless otherwise noted.

| **Foreign Currency Reserves** | |
|---|---|
| Securities | 30,425 |
| Deposits | 3,633 |
| Total securities and deposits (liquid reserves) | 34,058 |
| Gold[1] | 71 |
| Special drawing rights (SDRs) | 954 |
| Reserve position in the IMF | 825 |
| Total: January 31, 2007 | 35,908 |
| December 31, 2006 | 35,063 |
| Net change | 845 |

| **Details on Deposits** | | |
|---|---|---|
| Other central banks/Bank for International Settlements | | 497 |
| Banks headquartered in Canada | | 0 |
| Of which: located abroad | 0 | |
| Banks headquartered abroad | | 3,136 |
| Of which: located in Canada | 0 | |
| Total | | 3,633 |

| **Details of Net Change** | |
|---|---|
| Reserves management operations[2] | 1,047 |
| Gains and losses on gold sales | 0 |
| Net investment gains and losses | |
| Return on investments[3] | 32 |
| Foreign currency debt charges | -13 |
| Revaluation effects[4] | -220 |
| Net government operations[5] | 0 |
| Official intervention | 0 |
| Other transactions[6] | -1 |
| Net change | 845 |

| **Currency Composition of Deposits and Securities** | |
|---|---|
| US dollars | 16,679 |
| Euro | 16,882 |
| Yen | 497 |
| Total | 34,058 |

**Predetermined Short-Term Drains on Foreign Currency Reserves (Nominal Value)**

| | | 0-1 month | 1-3 months | 3-12 months | Total |
|---|---|---|---|---|---|
| Foreign currency securities[7] | Principal | -833 | -835 | -1,980 | -3,648 |
| | Interest | 0 | -177 | -1,246 | -1,423 |
| Aggregate short forward positions in foreign currencies vis-à-vis Canadian dollar | | 0 | 0 | 0 | 0 |
| Aggregate long forward positions in foreign currencies vis-à-vis Canadian dollar | | 0 | 0 | 0 | 0 |
| Total net drains | | -833 | -1,012 | -3,226 | -5,071 |

**Additional Information (Nominal Value)**

| | |
|---|---|
| Undrawn, unconditional credit lines with banks headquartered outside Canada | 6,000 |
| Securities lent under repurchase agreements[8] | -2,385 |
| Securities held under repurchase agreements[9] | 1,886 |
| Financial derivatives assets (net, marked to market) | |
| Forwards | 0 |
| Swaps | 1,195 |

**Notes:**

1. There were no sales of gold settled in January. On January 31, gold holdings stood at 0.1 million ounces. The valuation is based on the January 31, 2007, London p.m. fix of US$650.50 per ounce.

2. Net change in securities and deposits resulting from foreign currency funding activities of the Government. (Issuance of foreign currency liabilities used to acquire assets increases reserves, while maturities decrease reserves). During January, Canada bills increased by US$397 million to a level of outstanding bills of US$1,776 million. Cross-currency swaps of domestic obligations raised US$650 million.

3. "Return on investments" comprises US$100 million of interest earned on investments and a US$68-million decrease in the market value of securities resulting from changes in interest rates.

4. "Revaluation effects" reflect changes in the market value of reserve assets resulting from movements in exchange rates. In January, the revaluation effect was mainly due to the depreciation of the euro.

5. "Net government operations" are the net purchases of foreign currency for government foreign exchange requirements and for additions to reserves.

6. Related to securities assumed by the Government of Canada, following the privatization of Petro-Canada in July 1991, and the subsequent dissolution of Petro-Canada Limited in 2001.

7. "Foreign currency securities" include maturities of foreign currency debt, cross-currency swap payments and an estimate of interest payments on foreign currency liabilities.

8. "Securities lent under repurchase agreements" are included in total reserves. Collateral provided in securities-lending transactions is not included in total reserves.

9. Cash invested under repurchase agreements is included in total reserves. Collateral provided in securities-lending transactions is not included in total reserves.

**Future Release Dates**

The next release is March 5, 2007 (covering the period February 2007).

A list of upcoming release dates is posted on the Department of Finance website located at www.fin.gc.ca/invest_x/releaseDates_e.asp.

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For further information on the Exchange Fund Account, please consult the *Report on the Management of Canada's Official International Reserves—January 1, 2005 – March 31, 2006*, located at www.fin.gc.ca/toce/2006/oir06_e.html.

*If you would like to receive automatic e-mail notification of all news releases, please visit the Department of Finance website at www.fin.gc.ca/scripts/register_e.asp.*

**Official International Reserves** (10-Year Synopsis)

| | US dollars | Other currencies | Gold | SDRs | IMF position | Total |
|---|---|---|---|---|---|---|
| | | | (millions of US dollars) | | | |
| January 31, 2007 | 16,679 | 17,379 | 71 | 954 | 825 | 35,908 |
| December 31, 2006 | 15,608 | 17,590 | 69 | 963 | 833 | 35,063 |
| November 30, 2006 | 16,423 | 18,152 | 70 | 965 | 867 | 36,477 |
| October 31, 2006 | 16,256 | 17,432 | 66 | 944 | 945 | 35,643 |
| September 30, 2006 | 16,755 | 17,166 | 65 | 941 | 1,090 | 36,017 |
| August 31, 2006 | 17,010 | 16,727 | 68 | 949 | 1,099 | 35,853 |
| July 31, 2006 | 17,712 | 16,572 | 69 | 942 | 1,096 | 36,391 |
| June 30, 2006 | 17,671 | 16,143 | 67 | 939 | 1,092 | 35,912 |
| May 31, 2006 | 17,846 | 15,715 | 71 | 949 | 1,103 | 35,684 |
| April 30, 2006 | 18,660 | 14,997 | 70 | 931 | 1,058 | 35,716 |
| March 31, 2006 | 20,204 | 13,812 | 63 | 917 | 1,038 | 36,034 |
| February 28, 2006 | 16,707 | 13,974 | 61 | 908 | 1,034 | 32,684 |
| January 31, 2006 | 16,813 | 14,135 | 62 | 907 | 1,042 | 32,959 |
| Dec. 31, 2005 | 16,842 | 13,822 | 56 | 897 | 1,401 | 33,018 |
| Dec. 31, 2004 | 14,426 | 15,740 | 48 | 925 | 3,327 | 34,466 |
| Dec. 31, 2003 | 15,575 | 15,961 | 45 | 838 | 3,848 | 36,267 |
| Dec. 31, 2002 | 17,946 | 14,739 | 205 | 712 | 3,567 | 37,169 |
| Dec. 31, 2001 | 19,748 | 10,736 | 291 | 614 | 2,859 | 34,248 |
| Dec. 31, 2000 | 21,692 | 7,327 | 323 | 574 | 2,508 | 32,424 |
| Dec. 31, 1999 | 18,838 | 5,594 | 524 | 526 | 3,164 | 28,646 |
| Dec. 31, 1998 | 15,907 | 4,004 | 122 | 1,097 | 2,297 | 23,427 |
| Dec. 31, 1997 | 14,630 | 492 | 146 | 1,126 | 1,575 | 17,969 |
| Dec. 31, 1996 | 17,521 | 507 | 155 | 1,168 | 1,227 | 20,578 |
| Dec. 31, 1995 | 12,127 | 502 | 178 | 1,177 | 1,243 | 15,227 |